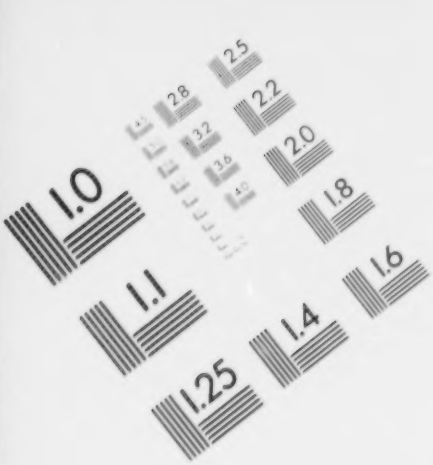

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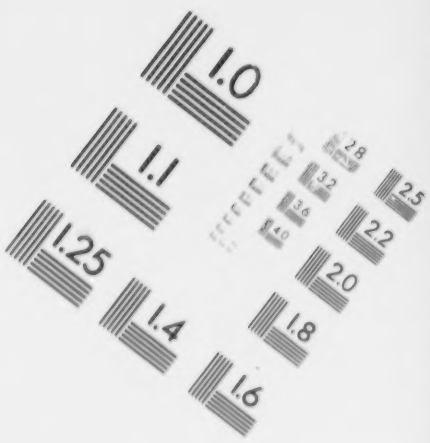

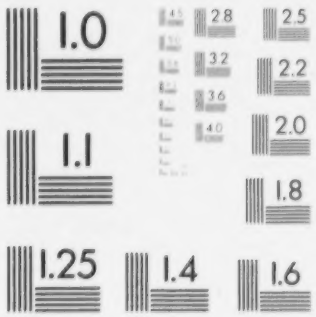

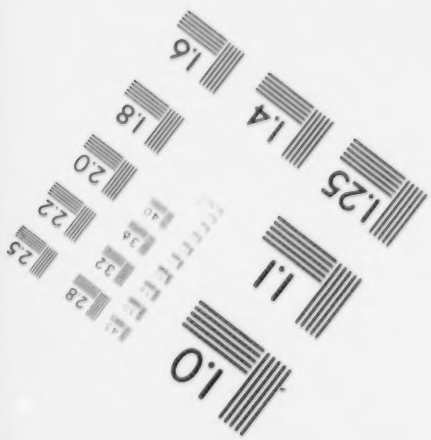

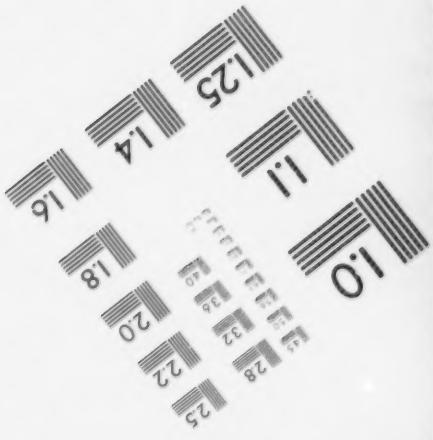

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ABSTRACT

This paper examines trends in the employment rates of young black men, and other groups of young people, during 1979-2000. Data from the Current Population Survey's Outgoing Rotation Groups are used to estimate these trends and their determinants. The data are pooled and analyzed for differences across individuals and metropolitan areas and for trends over time. The analysis primarily examines less-educated young black men. After reviewing earlier literature on employment trends among young black men and their causes, the paper presents empirical estimates of trends over time and regression analysis of their potential determinants. Employment and labor force participation rates of less-educated young Black men indicate a secular decline in work activity during the 1980s-90s, despite mild improvements in employment associated with the booming economy of the 1990s. Employment trends among Blacks were much more negative than those of less-educated White or Hispanic men and of young Black women, whose employment and labor force activity improved dramatically in the 1990s. Results suggest that rising school enrollment rates of young black men imply some declining quality (from a skills or labor force perspective) among those left behind among the nonenrolled, especially in the 1990s. (Contains 38 references and 24 footnotes.) (SM)

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Trends in Employment Outcomes of Young Black Men,

1979-2000

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November 2001

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ABSTRACT

We present evidence that the employment and labor force participation rates of less-educated young black men declined in the 1980's as well as the 1990's, despite the very strong economic conditions of the latter period. The secular decline among young black men is much stronger than among other less-educated young men, and stands in sharp contrast to the improving employment rates of young black women during the 1990's. Trends in real wages are also considered. While several factors (such as rising school enrollment rates and the shrinkage of blue-collar jobs in the labor market) appear to have contributed to the declining employment of young black men, much of it remains unexplained at this time.

I. Introduction

In recent years, the employment rates of young and less-educated women, especially single mothers, have increased dramatically (Burtless, 2000; Blank and Schmidt, 2001). These increases have largely been attributed to the combination of a booming economy, welfare reform, and increases in the Earned Income Tax Credit and other supports for low-wage workers in families with children.[1]

In contrast, it has been much less clear what the trends have been among young and less-educated men, especially blacks. In a widely cited paper, Freeman and Rodgers (2000) claimed that employment rates of less-educated young black men had improved substantially over the years 1992-1999, and attributed this increase largely to the economic boom of that period. However, various tabulations of household survey data from the Bureau of Labor Statistics and other sources (e.g., Lerman *et. al.*, 2000), suggested somewhat less positive or even negative employment trends for young black men over the 1990's. Furthermore, while we expect young black men to have benefited relatively little from welfare reform or expansions of supports for custodial parents of children (such as the EITC), we do not know the extent to which their employment may have been affected by other social or economic developments, such as the rising enforcement of child support orders or growing incarceration rates.

In this paper, we present data on the trends in employment rates of young black men, and other groups of young men and women, during the period 1979-2000. We use data from the Current Population Survey's Outgoing Rotation Groups (CPS-ORG) to estimate these trends as well as some of their determinants. We pool the CPS data from these years and analyze differences across individuals and metropolitan areas as well trends over time.

Like Freeman and Rodgers, our analysis focuses primarily on less-educated young black men – i.e., those aged 16-24 who are high school graduates or less. But our work also builds on theirs in a number of ways. By considering a longer time period than they did, we hope to disentangle cyclical from secular trends in employment rates. We compare outcomes across different racial and gender groups, and across subgroups (by age, education, or area of residence) within the population of young black men. We also consider a wider range of outcomes, including labor force participation and real wages as well as employment rates. Finally, we hope to explain some discrepancies between their results and those of others, including ourselves.

Our paper proceeds as follows. In the next section, we review some earlier literature on employment trends among young black men and their causes, and describe our data in somewhat greater detail. We then turn to our empirical estimates of trends over time, along with some regression analysis of their potential determinants. We then conclude with a discussion of our results and suggestions for further work.

II. Previous Literature

The fact that employment rates among young black men have been declining for several decades now has been well-documented in earlier work, including that of John Cogan (1982) for the

[1] See, for instance, Meyer and Rosenbaum (2001) for an attempt to disentangle these determinants of higher employment among single mothers. Other supports for working women with families in the past two decades include Medicaid extensions, implementation of the State Child Health Insurance Programs (SCHIP), and increased subsidies for child care.

period through 1970 and Freeman and Holzer (1986) for the period up to 1980.[2] After that time, Bound and Freeman (1992) documented declines not only in the relative employment rates of young black men during the 1980's but in their relative wages as well. The work of William J. Wilson (1987) and John Kasarda (1995) suggested that the industrial and geographic shifts in employment of the 1970's and 1980's, such as declining shares of employment in manufacturing and in the central cities, seriously impaired the employment prospects of young black men. These effects were, in fact, documented in a series of papers (e.g., Ihlanfeldt and Sjoquist, 1990; Bound and Holzer, 1993, 2000), while the additional negative effects of declining wage opportunities and/or rising opportunities for illegal income have been demonstrated as well (Juhn, 1992; Freeman, 1992).[3]

But little of this work goes beyond the 1980's in considering employment trends of young black men and their determinants. Thus, it has often not been clear whether these forces and their effects continued to grow more serious during the 1980's and especially the 1990's. While a variety of studies in the 1990's did shed more light on the labor market disadvantages associated with weak education and cognitive skills, segregated neighborhoods or discrimination, most of this work was cross-sectional in nature, and shed little light on the trends over time in relative employment and/or earnings among young minority men.[4]

A different literature has focused on cyclical rather than secular changes in employment for a variety of disadvantaged groups, such as minorities and less-educated workers (e.g., Clark and Summers, 1981; Hoynes, 2000; Hines *et. al.*, 2001). Almost invariably, this literature finds that employment and earnings among members of disadvantaged groups are more heavily affected by the business cycle than are those of other groups. The strong effects of the booms in the late 1980's and the mid-to-late 1990's on employment rates of young blacks have been documented by Freeman (1991) and various papers in Cherry and Rodgers (2000) respectively. But these papers have made little effort to disentangle cyclical from secular trends in the employment rates of young blacks or any other groups.[5]

In sum, while we know a great deal about the various barriers that young black men face in gaining employment, and about how their employment rates trended through the 1980s's, relatively little has been done to analyze secular trends in these rates over the period of the 1990's.

III. Data and Estimation Issues

As noted above, we use data from the CPS outgoing rotation groups to analyze employment trends of young black men and other groups since 1979.[6] Our samples of young black men, and of less-educated men and women from other race and gender groups, are limited to those aged

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[2] See also Fairlie and Sundstrom (1999) for more evidence over several decades.

[3] Much of this work is reviewed in Holzer (1994).

[4] See Neal and Johnson (1996) and Jencks and Phillips (1998) for evidence on the effects of skill gaps by race, Cutler and Glaeser (1997) for new evidence on racial segregation, and Holzer and Ihlanfeldt (1996; 1998) for data on spatial mismatch and discrimination. See also Holzer (1996).

[5] Differences in demand levels across areas as well as over time can also have large effects on the employment of blacks and other groups. Studies of demand effects on the disadvantaged more broadly are reviewed in Bartik (2001).

[6] In the Current Population Survey, individuals are sampled for four consecutive months, after which they drop out of the sample for eight months, and then re-enter it for a second spell of four months. The Outgoing Rotation Groups are made up of individuals in the fourth month of each of these sample stints – that is, they are individuals who are about to drop out of the CPS sample. As a result, the ORG sample is roughly 1/4th of the regular CPS sample.

16-24 who are high school graduates or less and who are not enrolled in school (or enlisted in the military) at the time of the survey. All estimates of means are sample-weighted.

We will consider trends over time in three labor market outcomes: 1) employment/population ratios; 2) labor force participation rates; and 3) real wages. We focus separately on employment and labor force participation, rather than on unemployment, because of the ambiguity inherent in the labor force definition (e.g., Clark and Summers, 1979; Flinn and Heckman, 1983). However, trends in unemployment can easily be inferred from comparisons of trends in the other two variables.[7] As for real wages, we define those for the sample of all wage and salary workers, and use the CPI-U-X1 to deflate nominal wages over time.[8]

After considering summary data on these trends over time, we estimate regressions for employment and labor force participation across individuals. These regressions are based on pooled samples of individuals over time. The regressions are of the following form:

1) $Y_{ijkt} = f(X_{ijkt}, UNEMP_{kt}, MSA_k, TIME_t; X_{kt}) + u_{ijkt}$

where i, j, k, and t denote the individual, his race/gender group, his/her metropolitan statistical area, and the year respectively; Y is the outcome being considered (either employment or labor force participation); UNEMP reflects the unemployment rate in an individual's metropolitan area in a particular year; TIME reflects a time trend; MSA reflects a set of MSA dummies; and the X_{ijkt} reflect characteristics of the individual (such as age or attainment of a high school diploma). All equations are estimated as linear probability models.[9]

In some regressions, we also include a set of characteristics of metropolitan areas in particular years (X_{kt}), in an attempt to explain any estimated trends over time that we observe in earlier regressions. These characteristics include:

- The enrollment rates of young black men, designed to measure the possible changes over time in the quality of young black men who continue to be nonenrolled;
- The shares of jobs that are blue-collar or in the manufacturing sector, to capture structural changes in the economy that may have disadvantaged less-skilled young men; and
- The shares of employment accounted for by all women and/or by black women, or the employment rates of these groups, to capture possible increases in competition for jobs between young black men and various groups of women.[10]

One issue that arises in the pooling of CPS data across time involves changes that have occurred in that survey over time. For instance, the set of metropolitan statistical areas (or "msa's") that are specified in the CPS increases dramatically in 1985 from 44 to 212 in number.[11] We thus include dummy variables for being in a non-specified metro area, as well as in specific msa's, in any

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[7] The unemployment rate for any group is defined as the fraction of the labor force that is not working. Since the proportion that is working (ER) is simply the employment/population rate divided by the labor force participation rate, the unemployment rate would be 1-ER.

[8] The CPI is known to overstate trends in inflation over time; see, for instance, Boskin *et. al.* (1998) and Abraham *et. al.* (1998). But comparisons of real-wage trends across groups should not be influenced by the relative overstatement of inflation and understatement of real wage growth for the entire labor force.

[9] Estimated logit equations generated very similar results.

[10] See, for instance, Borjas (1986). Since the shares of employment accounted for by various demographic groups must sum to one, these coefficients may be negatively biased. But other measures (such as employment rates for various demographic groups) are likely to be biased in the opposite direction by the omission of time-varying characteristics of local areas that generate high employment for all groups.

[11] Changes in metropolitan area boundaries at other time periods are not addressed here, but these are unlikely to affect large numbers of individuals, since newly incorporated counties into metropolitan areas are generally those that are relatively less populated.

given year; and we test for the effects of that change in our results. Even more importantly, we use a definition of employment that remains consistent over time.[12]

Finally, we present some estimates separately for the periods 1979-89 and 1990-2000, to determine the extent to which the trends over time and their determinants changed across those two decades.[13]

IV. Empirical Results

A. Summary Results

We begin by reviewing summary data on trends in employment outcomes for young and less-educated workers by race and gender. Figures 1-6 plot employment rates, labor force participation rates and real wages between 1979 and 2000 for white, black and Hispanic males and females respectively. In all cases, the samples are limited to those aged 16-24 who have high school diplomas or less and who are not enrolled in school.

The plots of employment generally show cyclical patterns for all groups, with declines during the recessions of the early 1980's and 1990's and recovery in the latter years of each of those decades. But, in general, the patterns for less-skilled men indicate constant or declining employment over time, while those for women show rising employment. The trends in labor force participation show less cyclical variation than those in employment, and even sharper contrasts between the declining trends for males and the rising ones for females. The patterns of declining participation for less-educated men, especially in response to their declining wages in the 1980's, while those for women increased, have all been noted before (e.g., Juhn, *op. cit.*; Blau and Kahn, 1997).

The exact pattern of employment trends in the 1980's v. the 1990's, and how these differ by race among men as well as women, is particularly interesting. Among men, employment and labor force participation among blacks consistently lag behind those of whites and even Hispanics. Even more striking, peak-to-peak comparisons across the two decades indicate that *employment and labor force participation of young black men declined considerably during the 1980's as well as the 1990's, and to a much greater extent than that of whites and Hispanics.* Indeed, employment for young black men declined fairly continuously between 1989 and 1997, despite the economic recovery that occurred after 1992, while their labor force participation continued its long decline throughout the decade. This contrasts sharply with the experiences of young Hispanic men, who essentially gained parity in employment with young whites during the same period.

The decline in labor force participation for young black men is consistent with the widely noted decline in their unemployment rates to record lows during the late1990's, even while their employment rates were declining as well (relative to the late 1980's). Furthermore, it is important to remember that the 1990's were a period during which the incarceration rates of young black men rose dramatically. Those who are incarcerated do not appear in any of our data; but if they did, the trends in the employment of young black men would look even worse than they do now (Western and Pettit, 2000).

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[12] It is important to use the labor force code (LFSR) throughout the period, rather than the major activity code (the variable ESR). Under ESR, a person's major activity could be "with a job not at work", "looking for work," "keeping house," or "other," and the individual could still be employed. Under LFSR, an individual is listed as employed if he/she did any work in the last week.

[13] The year 1989 appears in both sub-periods, to capture peak-to-peak business cycle periods in both.

Striking patterns by decade and by race also appear for young women, which differ dramatically from those of young men. Among women, the employment rates of young blacks lagged behind those of both whites and Hispanics during the 1980's but overtook the latter during the 1990's, as the employment and participation rates of both groups improved dramatically during that decade.

The strong improvement for young black females in the 1990's no doubt represents the increases in employment among young single mothers that we noted earlier, in response to welfare reform efforts and the like. But the continuing decline for young black men is less easily explained. Our data during the 1990's show somewhat milder improvements over the business cycle than did the results of Freeman and Rodgers; in particular, their results suggest a 9-precentage point gain in employment between 1992 and 1999 for young black men and ours indicate just a 3-percentage point gain. The differences in our results partly reflect differences in the samples that we used and partly reflect some data inconsistencies over time in their analysis.[14]

The trends in employment for young men of different racial groups can be put into greater context by also considering similar trends for those aged 25-34 years old, both among the less-educated and more-educated (i.e., those with no more than a high school diploma v. those with at least some college attainment).[15] Their employment trends appear in Figures 7 and 8. Comparing cyclical peaks to one another over time, the data also show employment and labor force declines among less-educated males in general for this age group, but less so for whites and Hispanics than for blacks and considerably less for this age group than for the youngest.[16] Trends among more-educated young men of all races were less negative as well.

Before moving on to consider employment and labor force trends in greater detail, we also note the results on trends in real wages that appear in Figures 5 and 6. The data show generally declining real wages for all less-educated groups until roughly 1997, at which point they begin to recover.[17] These trends were more negative for less-educated men than for women over much of the two-decade period, as has been noted elsewhere (e.g., Blau and Kahn, *op. cit.*). But this appears less true during the latter half of the 1990's, when real wages among the less-educated began to recover.[18]

Furthermore, these data reveal little growth in the wage gap between white and minority less-educated men. This gap has widened more among those with college education (Bound and Freeman, *op. cit.*). It is also possible that the gap among the less-educated would have widened more significantly than it did if the trends in labor force participation and employment among the

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[14] In particular, they limit their samples only to those in metropolitan areas, where young black men fared somewhat better than they did in rural areas. Also, the variables which they used to define employment, the employment status record in the CPS, is not consistent between the pre-1994 and post-1994 periods during which the CPS was heavily revised (see Footnote 12).

[15] It is difficult to analyze employment for those with college attainment among 16-24 year olds, since so many remain enrolled in school. Most analyses of employment across educational categories therefore begins with those aged 25 or higher.

[16] Negative employment and labor force trends among those aged 25 and above have also been attributed to a shift into disability programs during the past decade or so, though these factors are likely more relevant for older workers. See Ellwood (2001) and Autor and Duggan (2001).

[17] The recovery of real wages that began in 1997 partly reflects general productivity and real wage growth during that time and also reflects minimum wage increases in 1996 and 1997. The benefits in earnings associated with increases in the Earned Income Tax Credit are, of course, not captured by these data.

[18] Real wage growth in that period reflects general real wage and productivity growth in the economy during that time, as well as the positive effects of minimum wage increases in 1996 and 1997 on low-wage workers.

younger black men had not been as negative as they were, thereby truncating many of the lowest-wage workers out of the wage distribution that we actually observe. Either way, the pattern of real-wage increases that we observe for these young men in the latter 1990's will not help us explain the relatively larger decline that occurred in their work activity relative to those of other ethnic groups during this time period.

Were the declines in employment and labor force participation among young and less-educated black men more heavily concentrated among some subgroups, such as teens or high school dropouts, than among others? We turn to this issue in Table 1, where we present data on employment for young less-educated black men during three peak periods in the business cycle – 1979, 1989, and 1999/2000 – for subgroups based on age (16-19 v. 20-24), education (high school dropout v. graduate), or residence (metropolitan v. non-metropolitan areas). Similar data are provided for those aged 25-34.

The results show that the employment and labor force participation of young black men declined in both subperiods, but that *the secular declines in the 1990's were actually sharper than those in the 1980's*. Furthermore, the declines occurred among all demographic subgroups within this population – i.e., among young black men who are high school graduates as well as dropouts, among teens as well as those aged 20-24, and among those in metropolitan and non-metropolitan areas. However, the declines were stronger among some subgroups - such as high school dropouts, teens, and those in nonmetropolitan areas - than among others. Similar but less-pronounced patterns also appear for those aged 25-34.

Further evidence appears in Table 2, where we present data on the trends over time in various demographic characteristics of young black men. These characteristics include the school enrollment rates of all young black men; as well as the proportions who are teens, who have high school diplomas, or who live in metropolitan areas among those who are nonenrolled. The first category reflects a movement of young men out of the sample of the nonenrolled, which could indirectly change the quality of those left behind if the increases in enrollment occur among the relatively more skilled individuals among those who were not enrolled in the earlier period. The other categories point to changes in the composition of our sample which should affect employment and participation rates.

In fact, the data in Table 2 show increases over time in all four measures among young black men. The overall quality of the nonenrolled sample likely deteriorated as more people have become enrolled. No doubt, those who are high school dropouts have become a worse group over time, and perhaps this is true for high school graduates also. But, all else equal, the employment rates of those in the sample should also have improved somewhat on the basis of their greater age and educational attainment.[19] The fact that we observe declining rates, despite these changes, suggests even more negative secular trends than our summary data imply.

What broader changes in labor markets might be responsible for the continuing employment declines that we observe among young black men? While these issues will be addressed by other papers in this volume, at least a few "suspects" come to mind from previous research that we can consider using data from the CPS. For instance, declining shares of employment in blue-collar

[19] During this period, there was a substantial movement of young black males from non-metropolitan areas to metropolitan areas, and employment rates were higher in the non-metro areas at the start of this period and lower at the end. This suggests that those who moved had more ability/motivation than those who stayed behind.

occupations or manufacturing industries might contribute to declining opportunities for young black men. A continued rise in the share of employment going to females might imply greater competition for young black men in the market (on the demand side), while increases among young black women could also imply a decreased interest in employment for this group (on the supply side).[20]

Data on the trends in the occupation/industry distributions of jobs and on the shares of employment going to all women or black women appear in Table 3. The data indicate that the share of jobs accounted for by blue-collar occupations or manufacturing industries declined quite consistently in both the 1980's and the 1990's, while the share of employment accounted for by women in general and black women in particular rose. The rise in the share of women overall decelerated somewhat in the 1990's, as labor force growth for that group decreased somewhat, whereas the rise in employment shares for black women rose more strongly in the latter decade than earlier.

B. Regression Analysis

To analyze the trends in employment among young black men in somewhat greater detail, we turn to our regression analysis. As we indicated earlier, we have estimated regressions for employment and labor force participation using pooled cross-sections of individuals in the CPS. Separate equations have been estimated for white, black and Hispanic males and females. The samples are limited to those aged 16-24 with high school or less education and who are nonenrolled at the time of the survey. Controls for age, the attainment of a high school diploma, and msa of residence within this sample are included in our regressions, as are a time trend and the msa unemployment rate in any year.[21] The latter two variables are intended to capture the secular and cyclical trends in employment and participation respectively, controlling for other characteristics of the sample.

The results for employment appear in part A of Table 4 while those for labor force participation appear in part B. The results show that cyclical factors clearly influence the employment rates of young black men, with employment rising by nearly 3 percentage points for every one percentage-point decline in the unemployment rate in the metro area. Somewhat smaller cyclical effects are observed for the other groups of men and especially for most groups of less-skilled women.[22] Furthermore, negative effects of unemployment on the labor force participation rates of these groups are smaller, though still significant for all groups.

What is most striking in Table 4 are the strong negative secular trends on both employment and labor force participation for all groups of less-educated young men, but especially blacks. The decline in employment and in participation for young black men averages roughly eight-tenths of a percentage point per year over the entire time period, or about 17 percentage points over the 21-year period under consideration here. Declines for less-educated young white men are less than half as large, while those for Hispanic men are smaller still. In contrast, the secular trends in employment and labor force participation are positive for young white and black women.

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[20] One version of the supply-side story might be based on a declining need of young black men to contribute financially to families as the earnings of the women in those families rise.

[21] The msa dummies capture fixed area effects, so that changes over time reflect within-msa changes. The dummies include those for nonspecified metro areas, while individuals residing in nonmetropolitan areas constitute the omitted group.

[22] The smaller cyclical effects for women might reflect their smaller concentrations in cyclically sensitive industries, such as construction and manufacturing. They could also reflect a tendency of some women to enter the labor market during downturns to offset the lost employment of their spouses (which is known to labor economists as the "added worker" effect).

Furthermore, when the full time period is split into separate decades, the same estimated equation generates *much larger secular declines in the employment of young black men in the 1990's than the 1980's*. In fact, after controlling for the business cycle, the employment rate declines by almost 2 percentage points per year during the latter decade. This explains why the very strong economy of the late 1990's, along with their improvements in educational attainment and their growing concentration in metropolitan areas, generated such modest effects on the overall employment rate of young blacks.[23]

To what extent do observed changes in school enrollment rates of young men or in the structure of jobs and workforce demographics help to account for the negative secular trends in employment and participation of young black men? Some evidence on this issue appears in Table 5, where we augment our earlier regressions with measures of characteristics at the msa level for each year. For the entire 1979-2000 period (in part A) and also for each of the decades considered separately (parts B and C), we present results from six estimated regression equations. The first contains the school enrollment rate of young black men, the share of all jobs in the area in manufacturing, and the share of employment in the area accounted for by women. In the second we add the share of employment accounted for by black women, while in the third we replace the share of employment in manufacturing with that in blue-collar occupations. The fourth through the sixth equations replicate the first three, except that we now use the female and black female employment/population rates in the metropolitan area rather than their shares of employment to capture the possible substitution of women for young black men in employment (see Footnote 9).

The results of Table 5 contain several interesting findings. For the overall 1979-2000 period, it is clear that rising school enrollment rates and declining blue-collar employment both contribute somewhat to the declining employment of nonenrolled young black men. The former finding suggests that the quality of those who remain nonenrolled has declined over the period, while the latter indicates that young black men continue to have difficulty finding employment in an economy that continues to shift towards white-collar and service occupations.

In contrast, manufacturing employment does not appear to contribute to declining employment or labor force participation over the period (as it has a negative rather than positive estimated effect in most equations). While the share of employment accounted for by women has the correct negative sign, this is generally not true of the female employment/population rate, which raises questions about the exogeneity of the former measure. The generally positive coefficients on the employment rates of black women also do not suggest any direct substitution of women for men in the black community's labor force. Finally, the coefficients on the time trend (in comparison to those of Table 4) indicate that, at best, these factors can account for less than a third of the overall decline in employment of young black men in the 1979-2000 period. Furthermore, they account for considerably less of the decline in their labor force participation.

When we consider the determinants of employment and labor force participation of young black men in each decade separately, we find somewhat differing results between the two time periods. For instance, the decline of manufacturing and the rise of female employment both seem to have had negative effects on the employment of young black men in the 1980's, consistent with earlier results (e.g., Bound and Holzer, 1993; Borjas, 1986). In contrast, rising enrollments appear to have had their most negative effect on employment rates among the nonenrolled in the 1990's.

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[23] The coefficients on the time trend in estimated equations for employment were -.0058 and -.0178 for young black men in the two decades respectively. Comparable coefficients for labor force participation equations were -.0031 and -.0159 respectively.

Only the declining share of blue-collar employment in the economy seems to have had a negative effect on young black men in both periods. But, while our equations have some ability to account for the secular decline in employment and labor force participation in the 1980's (comparing the coefficients on time trends to those reported above in Footnote 22), they appear to explain very little of what has happened during the 1990's.

Though we do not present the results here, we investigated one more hypothesis: that young black men left the labor force in large numbers because of the long-term decline in their real wages (at least until 1997) that we document in Figure 5. Since we have no direct evidence on the potential wages of the nonemployed, we used two estimates of their wages: 1) Predicted wages based on the characteristics of the nonemployed as well as regression coefficients (on age, education, etc.) from those who are employed; and 2) Average wages earned by all employed less-educated young men across metropolitan areas and over time. But neither measure provided consistent evidence that declining real wages were responsible for the declining employment of young black men over this time period.[24]

If our metropolitan area characteristics do such a poor job of accounting for the declining employment trends of young black men in the 1990's, what else might contribute to an explanation of those trends? Trends in crime and incarceration are one possibility that often come to mind. But the crime rate has declined considerably over the course of the decade, which alone might suggest a rising employment rate. Many more young men are reentering society with criminal records after a period of incarceration, though this is likely to be more of a factor in accounting for declining employment among those aged 30 and older. If crime and incarceration do help to account for the declining trend in employment of very young black men in the 1990's, perhaps this is because they lead to a growing reluctance of employers to hire any less-educated young black men (Holzer *et. al.*, this volume). It is also possible that falling participation in crime has caused more of the very least-skilled young men to appear in our data during this decade (since those engaged in criminal activity are less likely to respond to surveys).

Likewise, the growth of paternity establishment and court orders for child support over the past decade or two could contribute to declining employment of young black men if these orders deter labor force activity by constituting a large "tax" on the earnings of young men. This issue deserves greater study as well.

IV. Conclusion

In this paper, we show that employment and labor force participation rates of less-educated young black men indicate a secular decline in work activity during both the 1980's and the 1990's, despite some mild improvements in employment associated with the booming economy of the latter period. Employment trends among blacks were much more negative than those of less-educated white or Hispanic men, and far more negative than those experienced by young black women, whose employment and labor force activity improved dramatically in the 1990's.

Our data suggest that rising enrollment rates of young black men imply some declining quality (from a skills or labor force perspective) among those left behind among the nonenrolled, especially in the 1990's. The declining availability of blue-collar jobs contributes somewhat to

[24] Details of our estimates are available upon request. Many of our estimates generated the wrong sign, and were very sensitive to the inclusion of control variables. Even Juhn's work (cited above) indicates a much lower ability of declining wages to account for declining labor market activity of less-educated young black men than young white men, and less in the 1990's than the 1980's (Juhn, 2000).

falling employment among young black men as well, while the evidence on manufacturing employment and the rising share of females in the workforce is more mixed. Nonetheless, these factors together can account for less than a third of the decline in employment of young black men over the entire two-decade period, and much less than that during the 1990's. Even less of their decline in labor force participation is accounted for by these factors.

Clearly, other changes must have been occurring that contribute to these developments. These might include: 1) Changes in the nature and enforcement of child support orders; 2) The growing rates of incarceration of young black men, and also the growing proportion who reenter society with criminal records. While these issues are addressed elsewhere in this volume, they should remain high on the agenda of researchers and policymakers, as should the employment problems of young black men more broadly.

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